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FISCAL IMPACT STATEMENT

LS 7364

BILL NUMBER: HB 1234

NOTE PREPARED: Jan 4, 2005

BILL AMENDED:

SUBJECT: Planned unit developments in TIF areas.

FIRST AUTHOR: Rep. Heim

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that residential property located in a planned unit development district established after January 1, 2003, is not part of the base assessed value of a tax increment finance (TIF) allocation area established in an economic development area or a blighted area.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: The state levies a small tax rate on property for State Fair and State Forestry. Any change in the amount granted for TIFs would change the amount received from this tax.

If there is an increase in investment because of the changes in this bill, the new property would, at some point, be placed on the tax rolls and the State Fair and State Forestry funds would receive increased revenues. If the investment would have been made with or without the TIF, then increased revenues to the State Fair and State Forestry funds would be foregone until the property is placed on the regular tax rolls.

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill excludes the assessed value of residential property in a Planned Unit Development District established after January 1, 2003 from the definition of based assessed value. A decrease in the based assessed value of the TIF would increase the revenue to the TIF district. This would (1) spread the increase property tax burden and potentially increase tax rates for most funds and (2) decrease

revenues in cumulative and capital projects funds.

Background: Under current law, TIFs are granted for up to 50 years, and proceeds may be used to:

1. Pay debt service on obligations incurred for the financing of redevelopment in the allocation area;
2. Deposit funds into a debt service reserve to pay bonds;
3. Pay debt service on bonds used to pay for local improvements in or serving the allocation area;
4. Pay premiums on early bond redemptions;
5. Make lease payments;
6. Reimburse the local unit for the cost of making local improvements;
7. Reimburse the local unit for rent paid by the unit for a building or parking facility in or serving the allocation area;
8. Pay a PTRC-like credit to taxpayers in the allocation area;
9. Pay expenses incurred by the redevelopment commission for public improvements in or serving the allocation area; and
10. Reimburse public and private parties for expenses in training employees of certain industrial facilities.

The following chart shows the total TIFs for the last 10 years.

Year	TIFs	
	Total	Increase
1994	\$23,116,487	
1995	27,555,225	4,438,738
1996	32,003,233	4,448,008
1997	31,998,229	(5,004)
1998	38,078,710	6,080,481
1999	40,528,120	2,449,410
2000	51,193,949	10,665,829
2001	29,191,747	(22,002,202)
2002	44,379,676	15,187,929
2003	29,950,248	(14,429,428)

State Agencies Affected: Department of Natural Resources; State Fair Board.

Local Agencies Affected: All with Planned Unit Development Districts..

Information Sources: Local Government Database.

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